

ESG Due Diligence Report

Breadfast

Apr 2025

1 - Purpose of this report

The purpose of this ESG due diligence report is to provide a comprehensive assessment of Breadfast's environmental, social, and governance (ESG) practices to ensure that the company's operations align with Novastar's principles of responsible investing and to identify material non-financial risks and opportunities that may impact the company's long-term viability and attractiveness as an investment.

2 - Business Overview

Problem	Egypt's grocery sector is marked by severe inefficiencies, with 70% of grocery spend occurring in unregulated, informal trade. Consumers face significant friction, making multiple vendor visits weekly due to limited product availability, inconsistent pricing, and supply chain inefficiencies. Modern retail penetration remains low, while e-commerce adoption lags at just 5%, despite groceries accounting for 35%+ of household expenditures. This structural fragmentation limits affordability, quality, and accessibility, particularly for middle-class households seeking reliable, cost-effective grocery solutions.
Company & solution	<p>Breadfast is Egypt's leading online grocery brand by providing a fully integrated, on-demand retail platform that enhances affordability, accessibility, and efficiency in food distribution. Breadfast reduces reliance on fragmented, unorganized trade while enabling consumer convenience and improving supply chain sustainability.</p> <p>Founded in 2017 in Egypt, Breadfast delivers high-quality fresh, frozen and pantry grocery products within 60 minutes. Through its vertically integrated model, Breadfast is driving economic development, supporting local producers, and setting new standards for modern retail Egypt.</p>
Company Stage	Growth Stage
Geographies	<ul style="list-style-type: none">• Current Market: Breadfast operates in Egypt, covering 4 major cities through its network of fulfilment points.• Expansion Plans: Breadfast aims to scale across MENA & sub-Saharan Africa, leveraging Egypt as a launchpad.
ESG Leadership	Breadfast was founded by Mostafa Amin, Muhammad Habib, and Abdallah Nofal. The company does not have an ESG manager (ESG responsibilities are distributed across multiple team members) but is committed to hiring for this role and setting up ESG management systems as the business grows.

Business model	Breadfast owns and controls its entire supply chain, from sourcing and manufacturing to warehousing, distribution, and last-mile delivery. By integrating supply chain control with digital and physical retail channels, Breadfast reduces operational costs, improves pricing efficiency, and enhances customer convenience. The fulfilment point model ensures efficient logistics, while the retail outlets expand brand loyalty and engagement, supporting long-term market penetration across Egypt and beyond.
Employees	Total Workforce: Breadfast employs 6000+ people across a range of roles.
Key suppliers	<ul style="list-style-type: none"> • Local farms • Wholesale and Traditional Suppliers • Finance Partners • Coffee Suppliers
Customers	<ul style="list-style-type: none"> • The company's target customer is household grocery purchaser in lower middle and middle socioeconomic households
ESG experience to date	<p>Breadfast demonstrates good ESG standards based on our observations at their facilities, conversations with other investors & board members, and initial review of policy documents in the data room.</p> <p>The company has not had an ESAP before, or DFIs as investors.</p>

3 - Executive Summary

Investment Policy Conformance

Breadfast neither operates nor intends to operate in any of Novastar's excluded business activities. The company will sign onto Novastar's Mandatory Provisions and ESG Action Plan. Furthermore, Novastar will hold a board observer seat which will provide visibility into the company's adherence to these commitments.

Overall E&G Risk Assessment

Environmental and Social Risk

B

MEDIUMRISK

Activities with limited potential adverse social or environmental impacts that are site-specific and readily addressed through well-known mitigation measures.

E&S: The contextual and business level E&S risks that inform the basis / rationale for this rating are detailed in Section 5 (E&S focus areas). Breadfast qualifies as a Category B (Medium risk) business due to its moderate but manageable ESG risks, which are largely site-specific, reversible, and mitigable. The company operates a vertically integrated grocery supply chain, including food manufacturing, warehousing, distribution, and retail—activities that align with Category B criteria. While Breadfast may have land use impacts these facilities are in urban areas, minimizing environmental disruption. It also faces health and safety risks, but these can be mitigated through established, well known compliance measures. Breadfast activities trigger only IFC Performance Standards 1-4, reinforcing its classification as a medium risk entity under Category B.

4 - Detailed ESG Assessment

Scope of Review and Methodology

Applicable Environmental and Social Laws and Standards	<ul style="list-style-type: none"> • IFC Performance Standards [ifc.org/ps1-8] • IFC Corporate Governance document [ifc.org/corp_gov] • BII Good Practice Note on GBVH [bii.co.uk/GBVH]; Supply Chains [fintoolkit.bii.co.uk/supply-chains]; Road Safety [road-safety-in-emerging-markets] • The Multilateral Development Banks guidelines on Business Integrity [MDB-General-Principles-for-Business-Integrity-Programmes] • ILO Core Conventions • National Laws such as those relevant to labour (e.g working hours, overtime, leave, compensation etc)
Documents in ESG data room	<ul style="list-style-type: none"> • Completed Novastar ESG Questionnaire • Breadfast ESG data room including Breadfast's internal HR, operations, and onboarding documents, covering employee policies, contracts, rewards, safety protocols, and workplace experience to support comprehensive ESG and people due diligence • In the ESG questionnaire, Breadfast also shared details of national laws and regulations relevant to their business including Egypt's environmental, labor, food safety, and health regulations, mandatory assessments that need to be submitted to the regulators, inspections, worker protections, recordkeeping, international labor standards, and required safety certifications for legal and operational compliance.
Site visits and interviews	<ul style="list-style-type: none"> • Site Inspection comprising visual observations of relevant areas and meetings <ul style="list-style-type: none"> ◦ Novastar Investment Directors visited Breadfast's operations in Egypt. • Engagement with Relevant Stakeholders <ul style="list-style-type: none"> ◦ While in Egypt, the Novastar Investment Directors interviewed the following stakeholders: key coffee and flour supplier , cafes , Breadfast app users. ◦ Numerous other stakeholders have been interviewed including current investors. In the course of writing the ESG report and developing the ESAP, there were numerous engagements (emails, WhatsApp, calls) between Novastar's Head of Sustainability and the team

Key focus areas for ESG due diligence

Breadfast demonstrates a robust commitment to environmental, social, and governance (ESG) practices, with particular strength in its labor and workplace standards. As a fast-growing grocery delivery and food brand operating in Egypt, the company has built ESG into its internal culture and operational strategy—far beyond what is typical for the market. Delivery associates (riders) are full-time employees with contracts and benefits. The company promotes gender inclusion with clearly documented policies and exemplary benefits, conducts employee surveys including at exit, and uses them to make data-driven decisions. Its leadership team—drawn from top global firms like Proctor & Gamble, Goldman Sachs, and Microsoft—brings world-class standards in governance and business integrity.

1. Fair treatment of low-skilled employees and workers in the supply chain

- **Employment Practices**
 - Ensuring fair wages, working hours, and benefits particularly for staff in less skilled positions
 - Experiences of lower-wage employees particularly churn rates
 - Adequate HR policies and worker protections for employees
- **Vulnerable & Marginalized Groups:**
 - Identifying vulnerable labour participation in the agriculture and manufacturing supply chain (e.g migrant labor from other parts of the country that take seasonal work on farms that supply Breadfast) and ensuring ethical labour practices.
 - Human Rights Country Risk: Expanding into regions with high corruption indexes and weak labor laws increases exposure to human rights violations and unethical business practices.

Fair Wages, Working Hours, and Benefits

- **Employee Compensation Policy** (including wage structure, bonuses, and benefits): Breadfast demonstrates a commendable commitment to ethical labor practices, setting a high standard that significantly reduces the risks of labor exploitation and reputational harm.

Breadfast's employees have their wages, work hours, and benefits clearly described in their contracts, and have access to policy documents that clearly lay out the company's bonus structure. This contrasts with competitors who often outsource delivery riders and have come under scrutiny for poor labour practices including wage theft and road accidents related to pressure for delivery riders to earn higher wages.

- **HR Policies & Employee Handbook:** Breadfast's employee handbooks clearly describe the disciplinary processes, including how it manages performance including Performance Improvement Plans (PIPs) and ongoing contract reviews with set thresholds. Disciplinary actions include warnings, PIPs, and termination for policy violations. Employees report misconduct via forms or to HR, which supports the

staff's compliance with the Code of Conduct.

- Breadfast demonstrates a strong commitment to listening to its employees and continuously improving the workplace experience. The company conducts regular employee experience surveys. Breadfast monitors internal employee support systems and identifies areas for operational improvement. Exit interviews are conducted systematically to understand why employees leave and to address any recurring issues.

II. Gender Policy and Gender Based Violence and Harassment

- Gender & Diversity in the Workforce:
 - Understanding gender distribution across all business units and comparison to Egypt's national average.
 - Prioritisation of gender balance in the workplace such as whether the company tracks and collects gender-disaggregated data to ensure fair representation and inclusivity.
- Consideration of GBVH risks, including in delivery driver-customer interactions

Workforce Demographics

Breadfast maintains a documented Diversity and Inclusion Policy committing to non-discrimination across race, gender, disability, and other protected categories, and has implemented numerous initiatives to support working mothers, comprehensive medical insurance —while also offering five days of paternity leave despite no statutory requirement under Egyptian law. The company achieves 25 % female representation in non-physical roles exceeding Egypt's national female labour force participation rate of 20 % (UN Women). To prevent gender-based violence and harassment, Breadfast enforces a zero-tolerance Workplace Anti-Harassment Policy covering interactions with customers, suppliers, and hires, and provides a confidential grievance procedure—employees may report harassment, discrimination, or retaliation directly to the Chief People Officer, People Relations, or a People Business Partner for thorough investigation.

Consideration of GBVH risks in delivery driver-customer interactions

- The anti-Harassment Policy Covers Customers & Suppliers: Breadfast's Workplace Anti-Harassment Policy applies to employees but also casual workers, contractors, suppliers, service providers, customers, and visitors. The policy explicitly states that harassment can occur both inside and outside the workplace, including in customer interactions, business meetings, and training sessions.

III. Manufacturing & Food Safety Risks

Breadfast's operations span food manufacturing—both in-house and via third-party private-label partners—and grocery fulfilment through its network of centers, all of which demand rigorous food safety procedures, hygiene protocols, transparent ingredient sourcing, and proper storage and labeling to prevent contamination

- Breadfast's leadership brings experience in globally recognised consumer packaged goods companies, including Breadfast's Chief Supply Officer, who has been with the company since October 2020. Prior to that, he spent nearly 9 years with Proctor & Gamble, where he played a management role for not only Egypt but also Africa and Middle East. Given his experience, Breadfast has been able to implement high standards of safety procedures in the warehouse, dark stores, and kitchen facilities.
 - Health and Safety practices: Breadfast have implemented comprehensive health and safety practices, including regular risk assessments, job safety analysis (JSA) for each task, and robust control measures to mitigate risks – which indicates some alignment with global standards such as ISO 45001 (Occupational Health and Safety Management Systems). The company prioritizes health surveillance, environmental monitoring, and routine safety audits and inspections. Additionally, Breadfast enforces strict hazardous materials handling procedures, engineering controls, and the provision of personal protective equipment (PPE). Employees receive continuous training and awareness programs, while accident and incident reporting mechanisms ensure swift responses to safety concerns. The company remains committed to legal and regulatory compliance, with emergency response and preparedness measures currently in progress.
 - There are health and safety checks or audits required by the local authorities and the company confirms that they have successfully complied with all of them.
 - Employee Protection Measures: Breadfast is committed (and shared evidence) to employee protection through comprehensive measures, including the provision and accessibility of personal protective equipment (PPE), clear PPE policies and procedures, and ongoing training. The company ensures proper monitoring and supervision, enforces accountability, and conducts regular PPE inspections and maintenance. Additionally, Breadfast fosters a culture of safety by encouraging feedback and continuous improvement to enhance workplace protection.
- Breadfast referred to the following laws that govern their operations. Law No. 12 of 2003 this provides a framework to ensure the safety and health of workers through

preventive measures, training and guidance, health monitoring, and regular inspections.

- Consumer protection: Breadfast reports that they're governed by:
 - Law No. 10 of 1966 (amended by Law No. 30 of 1976): This foundational law establishes hygienic specifications to protect food from pollution and contamination.
 - Consumer Protection Law (Law No. 67 of 2006): This law safeguards consumer rights by ensuring that products and services meet quality and safety standards.
- Existing Permits and Licenses. Breadfast reports that they have certifications from the government, which require ongoing renewal.

IV. Road Safety Risks particularly during deliveries

Breadfast's delivery and logistics operations expose the company to road-safety risks.

- From site visits by the Novastar observing Breadfast delivery associates, conversations with investors/board members, and documents provided on how to maintain safety with other vehicles such as forklifts & vans, the company views workplace safety as a priority. In Egypt, the Novastar team observed high safety standards among Breadfast delivery associates including use of helmets. Furthermore, a general complaints mechanism exists and could be used to raise road safety concerns.

V. Data Privacy & Cybersecurity Risks

Breadfast's extensive user base—millions of app downloads and tens of thousands of monthly active users—creates a substantial customer data exposure risk. Operating across multiple jurisdictions in the MENA region—where privacy regulations vary widely and no unified framework exists—intensifies the challenge of ensuring full regulatory compliance.

- Breadfast has an experienced leader with oversight of data privacy and cybersecurity in Breadfast's Chief Technology Officer, who has been with the

company since 2023. Prior to that, he spent total of 20+ years in leading technology companies including Microsoft, IBM, Amazon, and Yahoo, where he was in senior positions in product management teams. Since he joined, Breadfast has upgraded its tech stack, revamped applications and launched more, allowing more visibility and traceability for their supply chain.

- Breadfast has committed to the Board that it would use commercially reasonable efforts to implement physical, technical and administrative safeguards designed to protect the confidentiality, integrity and availability of its technology and systems and all protected data. Breadfast is also committed to educating its employees about the proper use and storage of Protected Data, including periodic training.

- Breadfast is governed by Egypt's "personal data protection law" which is Law. 151 of 2020, also referred to as Egyptian Data Protection Law (PDPL). The law was enacted to regulate the collection, processing, storage, and transfer of personal data while ensuring individuals' privacy rights. The absence of widely reported lawsuits may be due to various factors, including the law's recent implementation and the potential for underreporting.

- Breadfast has a publicly available Privacy Policy (<https://www.breadfast.com/privacy-policy/>). The Privacy Policy reflects strong ESG alignment through its commitment to data protection, user transparency, and regulatory compliance. It outlines how personal data is collected, used, and safeguarded across its platforms, with clear protections for both customers and delivery workers. The policy includes robust safeguards (e.g., encryption, fraud detection), user rights (e.g., consent, data access), and responsible data use practices. Notably, Breadfast uses driver and picker data to enhance safety and service quality, demonstrating ethical technology use. Overall, the policy showcases Breadfast's maturity in data governance and reinforces its broader commitment to responsible, secure, and user-centric business operations.

Benchmarking of company's performance against ESG standards

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	
	The company lacks a formal Environmental and Social Management System (ESMS), dedicated ESG team or specialists although it complies with basic local environmental and social policies, reports having risk management processes and is in the process of developing an emergency response plan.
IFC Performance Standard 2: Labor and Working Conditions	
	Breadfast complies with local labor laws, provides employment contracts and clear policies for overtime, maternity leave, and sick leave, and maintains a basic employee grievance mechanism, with no evidence of child or forced labor and basic occupational health and safety policies in place;
IFC Performance Standard 3: Resource Efficiency and Pollution Prevention	
	Breadfast monitors energy, water, and material consumption on an ongoing basis through P&L reviews, contracts a waste management firm for proper disposal, and complies with basic environmental regulations.
IFC Performance Standard 4: Community Health, Safety, and Security Performance	
	Breadfast holds fire safety and first aid permits and maintains a strong data privacy policy that is publicly available on its website

5 – Environmental and Social Action Plan (ESAP)

Action	Deadline
■ Develop and implement an Environmental and Social Management System (ESMS) aligned with IFC Performance Standards.	June 2026
■ Develop a comprehensive register of all permits, licenses, and certifications required for company operations and ESG-related accreditations.	Dec 2025
■ Continue to implement robust food safety standards including renewal of ISO certification when the time comes, and completion of ongoing certification processes. Breadfast to provide periodic updates, backed by internal and third-party assessments and audits, on the effectiveness of its food safety policies, procedures, and implementation.	Ongoing
■ Hire an ESG Manager.	Jul 2025
■ Develop a comprehensive Emergency Response Plan.	Dec 2026
■ Establish and implement a formal <i>external</i> grievance mechanism.	Jun 2026
■ Enhance worker engagement and labor practices for field staff/lower skilled roles.	Jun 2026
■ Establish a centralized system for tracking, investigating, and resolving ESG-related incidents.	Jun 2026
■ Develop and implement a comprehensive Road Safety Management System.	Dec 2025
■ Develop and implement a robust management system to ensure compliance with ESG expectations across labor conditions, GBVH prevention, health and safety, and food safety for suppliers and contractors (including contract/third party manufacturers).	Jun 2026

■ Develop and implement strategies to reduce greenhouse gas (GHG) emissions from transportation	Dec 2025
■ Improve Gender Representation in Leadership and Governance: Develop and implement a Gender Diversity Strategy to increase female representation in senior leadership and board roles.	Jun 2026
■ Strengthen the company's GBVH prevention and response system in alignment with IFC PS2.	Dec 2025
■ Integrate GBVH safeguards into supplier/contractor management processes.	Jun 2026
■ Strengthen GBVH safeguards.	Dec 2025